

# HOUSE . . . . . No. 2334

By Mr. Rodrigues of Westport, petition of Michael J. Rodrigues relative to establishing a manufacturing workforce training tax increment financing plan. Revenue.

## The Commonwealth of Massachusetts

In the Year Two Thousand and Five.

### AN ACT TO ESTABLISH A MANUFACTURING WORKFORCE TRAINING TAX INCREMENT FINANCING PLAN.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Chapter 40 of the General Laws is hereby amended  
2 by adding after section 60 the following section:—

3 60A. Manufacturing Workforce Training Tax Increment  
4 Financing Plan.

5 (a) Notwithstanding any general or special law to the contrary,  
6 a city or town by vote of its town meeting, town council or city  
7 council with the approval of the mayor where required by law, on  
8 its own behalf or in conjunction with 1 or more cities or towns  
9 and under regulations issued by the director of workforce devel-  
10 opment, in consultation with the department of economic develop-  
11 ment and the department of revenue, may adopt and prosecute a  
12 manufacturing workforce training tax increment financing plan, in  
13 this section referred to as a MWT-TIF plan, intended to encourage  
14 increased commercial growth of Manufacturing facilities that  
15 have been located in such city or town for not less than 2 years  
16 and do all things necessary thereto; provided, however, that the  
17 MWT-TIF plan shall:—

18 (i) designate the city or town as a manufacturing workforce  
19 training tax increment financing zone, in this section referred to as  
20 a MWT-TIF zone, provided, however, that the designation of a  
21 MWT-TIF zone shall be subject to the approval of the department  
22 of workforce development under regulations adopted by the

23 department consistent with this section; provided further, that a  
24 city or town may not enter into any MWT-TIF agreement, as  
25 defined in clause (iv), unless the area governed by the MWT-TIF  
26 agreement is so designated and approved by the department of  
27 workforce development;

28 (ii) describe in detail all training, retraining and workforce  
29 repositioning that shall be eligible for the MWT-TIF;

30 (iii) authorize tax increment exemptions from property taxes,  
31 under clause Fifty-first of section 5 of chapter 59, for a specified  
32 term not to exceed 20 years, for any parcel of real property which  
33 is located in the MWT-TIF zone and for which an agreement has  
34 been executed in accordance with clause (v); provided, however,  
35 that the MWT-TIF plan shall specify the level of exemptions  
36 expressed as an exemption percentage, not to exceed 100 per cent  
37 to be used in calculating the exemption under said clause Fifty-  
38 first of said section 5 of said chapter 59; provided, further, that  
39 such exemptions shall be calculated for each such parcel as pro-  
40 vided in said clause Fifty-first of said section 5 of said chapter 59  
41 using an adjustment factor for each fiscal year since the parcel  
42 first became eligible for such exemption under this clause. The  
43 inflation factor for each fiscal year shall be a ratio:—

44 (1) the numerator of which, shall be the total assessed value of  
45 all parcels of all commercial real estate that are assessed at full  
46 and fair cash value for the current fiscal year minus the new  
47 growth adjustment factor for the current fiscal year attributable to  
48 the commercial real estate as determined by the commissioner of  
49 revenue under paragraph (f) of section 21C of said chapter 59; or

50 (2) the numerator of which, in a MWT-TIF zone where the  
51 property includes commercial uses, shall be the total assessed  
52 value of all parcels of all commercial real estate that are assessed  
53 at full and fair cash value for the current fiscal year minus the new  
54 growth adjustment factor for the current fiscal year attributable to  
55 the commercial real estate as determined by the commissioner of  
56 revenue under said paragraph (f) of said section 21C of said  
57 chapter 59; and

58 (3) the denominator of which shall be the total assessed value  
59 for the preceding fiscal year of all the parcels included in the  
60 numerator; provided, however, that such ratio should not be less  
61 than 1.

62 (iv) include executed agreements, hereinafter referred to as  
63 MWT-TIF agreements, between a city and town and each eligible  
64 owner of real property which is located in a MWT-TIF zone, but  
65 each such agreement shall include, but not be limited to, the  
66 following: (1) all material representations of the parties which  
67 served as a basis for the descriptions contained in the MWT-TIF  
68 plan in accordance with clause (ii) and which served as a basis for  
69 the granting of a MWT-TIF exemption; (2) any terms deemed  
70 appropriate by the city or town relative to compliance with the  
71 MWT-TIF agreement including, but not limited to, what shall con-  
72 stitute a default by the property owner and what remedies shall be  
73 allowed between the parties for any such defaults, including an  
74 early termination of the agreement; (3) provisions requiring that  
75 75% of the eligible workforce shall receive training that is  
76 designed to retain employment in the city or town; (4) a detailed  
77 recitation of all other benefits and responsibilities inuring to and  
78 assumed by the parties to an agreement; and (5) a provision that  
79 the agreement shall be binding upon subsequent owners of the  
80 parcel of real property; and

81 (v) delegate to a board, agency or officer of the city or town,  
82 the authority to execute agreements in accordance with  
83 clause (iv).

84 (b) An executed MWT-TIF agreement shall be submitted by the  
85 applicable city or town to the department of workforce develop-  
86 ment for the approval of the director; provided, however, that the  
87 city or town shall, if it has not previously done so, submit a plan  
88 indicating the minimum projected economic impact of the  
89 training, the type of employees that should be trained, the accredi-  
90 tation level of the entities that will be eligible to provide the  
91 training and other items as the director may require; provided fur-  
92 ther, that the director shall certify, based upon the information  
93 submitted in support of the MWT-TIF plan by the city or town and  
94 through such additional investigation as the director shall make,  
95 that the plan and agreement are consistent with the requirements  
96 of this section and will further the public purpose of encouraging  
97 increased commercial growth and manufacturing employment in  
98 the commonwealth; provided further, that a city or town may, at  
99 any time, revoke its designation of a MWT-TIF zone and, as a  
100 consequence of such revocation, shall immediately cease the exe-

101 cution of any additional agreements under clause (v) of subsection  
102 (a); provided, further, that a revocation shall not affect agreements  
103 relative to property tax exemptions said clause (v) of said subsec-  
104 tion (a) or use restrictions or options to purchase and rights of first  
105 refusal required by this section which were executed before the  
106 revocation; provided further, that the board, agency, or officer of  
107 the city or town authorized under clause (vi) of said subsection (a)  
108 to execute agreements shall forward to the board of assessors a  
109 copy of each such agreement, together with a list of the parcels  
110 included therein; and provided further, that an executed and  
111 approved MWT-TIF shall be recorded in the registry of deeds or  
112 the registry district of the land court wherein the land lies.

1 SECTION 2. Chapter 62C of the General Laws, as appearing in  
2 the 2002 Official Edition, is hereby amended by adding after  
3 section 67D in the following section:—

4 Section 67E. (a) When used in this section, the following words  
5 shall have the following meaning:

6 “Application year”, the calendar year for which a manufac-  
7 turing company submits the information required for a determina-  
8 tion as to a jobs incentive payment.

9 “Business”, a corporation, sole proprietorship, partnership, lim-  
10 ited liability company, or any other form of business organization.

11 “Commissioner”, the commissioner of revenue.

12 “Eligible Jobs”, a number determined by first multiplying each  
13 of the local jobs created by a manufacturing company during a  
14 single calendar year by the job qualifier for that job, and then  
15 totaling the number for all of the local jobs created.

16 “Full time employee”, a person who is employed for considera-  
17 tion for at least 35 hours per week and whose wages are subject to  
18 withholding as provided in chapter 62B of the General Laws.

19 “Jobs incentive payment”, a business employment incentive  
20 payment for manufacturing companies as provided for in this  
21 section.

22 “Job Qualifier Fraction”, in the case of either a full or part time  
23 employee of a manufacturing company, a fraction that determines  
24 the extent to which the employee is engaged in providing employ-  
25 ment services in Massachusetts during a single calendar year. The  
26 job qualifier fraction is determined for each employee by com-

27 putting each of the following three percentages for such year, and  
28 then multiplying these percentages against one another. The first  
29 percentage is the extent to which the employee worked for the  
30 company on a weekly basis, e.g., 100% in the case of a full-time  
31 employee. The second percentage is the extent to which the  
32 employee performed employment services within Massachusetts  
33 as contrasted with the employee's services both within and  
34 without the state, e.g., 100% in the case of an employee who per-  
35 formed services solely in Massachusetts. The third percentage is  
36 the extent to which the employee worked for the company during  
37 the year, e.g., 50% in the case of an employee who was hired mid-  
38 year.

39 "Local Jobs Created", the total number of jobs created by a  
40 manufacturing company during a single calendar year in which  
41 the new employees perform qualified services at one or more in-  
42 state locations, including jobs performed by persons that are trans-  
43 ferred within the company to work at an in-state location from a  
44 location based outside the state.

45 "Manufacturing company", a business primarily engaged in  
46 manufacturing. This term shall include contract manufacturers  
47 engaged in the production of such products for a medical device  
48 manufacturing company or a biotechnology company.

49 "Part time employee", a person who is employed for considera-  
50 tion for less than thirty five hours a week and whose wages are  
51 subject to withholding as provided in chapter 62B of the General  
52 Laws.

53 "Participating Municipality", a city or town that has adopted a  
54 Manufacturing Workforce Training Tax Increment Financing Plan  
55 pursuant to section 60A of chapter 40.

56 "Payment years", in the case of a manufacturing company that  
57 is determined to be eligible for a jobs incentive payment, the three  
58 calendar years following the application year.

59 "Qualified services", direct production manufacturing services  
60 performed by an employee of a manufacturing company during a  
61 calendar year.

62 "Weighted average employment", for a calendar year, the total  
63 number of jobs maintained by a biotechnology or medical device  
64 manufacturing company in which the employees performed  
65 employment services at one or more in-state locations. The

66 number is to be determined by first multiplying each of the indi-  
67 vidual jobs maintained by the company for that year by the job  
68 qualifier fraction for that job and then totaling the number for all  
69 of these jobs.

70 (b) A city or town that adopts a manufacturing workforce  
71 training tax increment financing plan where a participating manu-  
72 facturing company creates 10 or more eligible jobs in the com-  
73 monwealth during a single calendar year shall be entitled to a jobs  
74 incentive payment, provided that its weighted average employ-  
75 ment for such year reflects a net increase of at least 10 jobs over  
76 the company's weighted average employment for the prior cal-  
77 endar year. The jobs incentive payment shall be equal to 50%  
78 multiplied by the applicable Massachusetts income tax rate for the  
79 wages paid to the persons that perform the newly created eligible  
80 jobs for the calendar year in question; provided, however, that  
81 such wages are subject to Massachusetts withholding pursuant to  
82 chapter 62B of the General Laws for such year. For purposes of  
83 this provision an eligible job is deemed created in the common-  
84 wealth on the first day for which Massachusetts withholding is  
85 required in connection with the compensation paid to the  
86 employee.

87 (c) The jobs incentive payment is to be paid to a city or town in  
88 three equal installments in each of the three calendar years com-  
89 mencing with the calendar year subsequent to the application year.  
90 However, if for the first or second payment year the company's  
91 weighted average employment falls below its weighted average  
92 for the application year the company will be disqualified from  
93 receiving its subsequent installment payment. If a company is dis-  
94 qualified from receiving its second installment payment, it may  
95 still receive its third installment payment if its weighted average  
96 employment for its second payment year is above its weighted  
97 average employment for the application year.

98 (d) A city or town that seeks a jobs incentive payment must  
99 apply to the commissioner to receive such payment on a form to  
100 be prescribed by the commissioner. This form shall reference the  
101 necessary information concerning the eligible jobs created by a  
102 company, with which the city or town has an enforceable MWT-  
103 TIF, in the state during the application year and also the compa-  
104 ny's weighted average employment for such year and the prior

105 calendar year. The commissioner shall advise the company of his  
106 determination in writing.

107 (e) Not later than March 1st of each calendar year for which a  
108 city or town has been approved to receive a jobs incentive pay-  
109 ment, the city or town shall submit to the commissioner, in a form  
110 prescribed by the commissioner, the information necessary to  
111 evaluate a participating company's prior year weighted employ-  
112 ment average.

113 (f) A city or town that has previously been approved to receive  
114 a jobs incentive payment is entitled to reapply for additional pay-  
115 ments based on jobs created at other participating manufacturing  
116 companies. In such cases, the city or town may be entitled to  
117 receive a jobs incentive payment that relates to different applica-  
118 tion years in the same calendar year.

119 The commissioner shall issue payments, as authorized in sub-  
120 section (b), without further appropriation. The commissioner may  
121 issue rulings or regulations as necessary or helpful to implement  
122 the provisions of this act including rulings or regulations to ensure  
123 compliance with this act.

124 (h) This section shall be effective as to job incentive payment  
125 requests made by cities or towns that have adopted a manufac-  
126 turing workforce training tax increment financing plan for manu-  
127 facturing companies.